



City of Arts & Innovation

Development Committee

TO: DEVELOPMENT COMMITTEE MEMBERS DATE: NOVEMBER 19, 2015

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 6
DEPARTMENT

SUBJECT: PROPOSED DISPOSITION OF SUCCESSOR AGENCY-OWNED PROPERTY OF
APPROXIMATELY 1 ACRE LOCATED AT 10920 MAGNOLIA AVENUE
BEARING ASSESSOR PARCEL NUMBER 138-470-013 FOR THE
CONSTRUCTION OF A COMMERCIAL PROJECT

ISSUE

The issue for Development Committee consideration is whether to select the Grae La Sierra, LLC proposal for the development of Successor Agency-owned property of approximately 1 acre located at 10920 Magnolia Avenue bearing Assessor Parcel Number (APN) 138-470-013 (Property, Site Map – Attachment 1) for the construction of a commercial project.

RECOMMENDATION

That the Development Committee select the Grae La Sierra, LLC development proposal and direct staff to negotiate a Purchase and Sale Agreement (PSA) with Grae La Sierra, LLC for the construction of a commercial project on the Property to be presented to the Successor Agency/City Council, Oversight Board and Department of Finance (DOF) for final consideration.

BACKGROUND

Pursuant to the dissolution process of Assembly Bills x1 26 and 1484, the Successor Agency completed its Long Range Property Management Plan (Plan) which governs the disposition and use of real property assets of the former Redevelopment Agency of the City of Riverside. In the Plan, the Successor Agency recommended the sale of approximately 1 acre located at 10920 Magnolia Avenue bearing APN 138-470-013. The Plan was approved by the State Department of Finance on March 6, 2014.

The next step in the dissolution process is to dispose of the Property according to the approved Plan. As stipulated in the Plan, staff is allowed to dispose of properties via the Request for Proposal (RFP) process.

With this in mind, on April 24, 2015, staff issued an RFP for the disposition and development of the Property. As stipulated in the RFP, staff prefers a high quality, sit-down restaurant development project which will support the adjacent Kaiser Hospital, enhance the surrounding neighborhood, and provide job opportunities for local restaurants. Moreover, the Property currently carries a zoning designation of R-1-7000 (single family residential) and General Plan designation of Mixed Use-Urban (MU_U). As such, a restaurant development will require a zone change and General Plan amendment, which will be the responsibility of the selected developer.

On July 17, 2015, staff received development proposals from Grae La Sierra, LLC, Rich Development, and Apex Commercial Real Estate, which are summarized below:

	Grae La Sierra, LLC	Rich Development	Apex Commercial Real Estate
Proposed Development:	Restaurant & Other Commercial	Restaurant & Other Commercial	Restaurant
Consistent with Current Zoning:	No - requires zone change and a General Plan amendment	No - requires zone change and a General Plan amendment	No - requires zone change and a General Plan amendment
Tenant(s) Identified:	None	None	Golden Corral
Size:	10,500 square feet	7,300 square feet	11,000 square feet
Development Cost:	\$3,320,000	Not Provided	\$3,295,000

After careful review and scoring of the aforementioned development proposals, staff decided to interview all three respondents to further aid in the decision and recommendation making process. The interviews were held on September 2, 2015.

At the conclusion of the interview process, staff re-scored each proposal and collectively concluded that the Grae La Sierra, LLC proposal was the most responsive to the noted RFP. Grae La Sierra, LLC is the owner of the adjacent properties, which includes a strip of property running along Park Sierra Avenue. This strip property is essential to the development of the Property for parking and access related purposes.

With the Development Committee's consent, staff will develop a Purchase and Sale Agreement with Grae La Sierra, LLC to include fair market purchase price (to be determined by an appraisal), deposit requirement, due diligence period, proposed use, identification of major tenant(s), schedule of performance, and conditions and restrictions (if applicable) to be presented to the Successor Agency/City Council, Oversight Board and DOF for final consideration.

FISCAL IMPACT

There is no immediate fiscal impact associated with this report. Future sale proceeds from the Property will be transmitted to the various taxing entities and reported to the DOF in compliance with the dissolution of the City's redevelopment program.

Submitted by: Emilio Ramirez, Community & Economic Development Deputy Director

Certified as to availability of funds: Brent A. Mason, Finance Director/Treasurer

Approved by: Al Zelinka, FAICP, Assistant City Manager

Approved as to form: Gary G. Geuss, City Attorney

Attachment: Site Map